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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL
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FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2016 AND ENDING December 31, 2016

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Avalon Securities, Ltd.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

1001 Sixth Avenue, 10th Floor

(No. and Street)

New York
(City)

NY
(State)

10018
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Lynda Davey

917 539-0006

(Area code- Telephone number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Leigh J Kremer CPA

(Name- If individual, state last, first, middle name)

95 Locust Avenue

(Address)

Red Bank

(City)

NJ

(State)

07701

(Zip code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

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* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

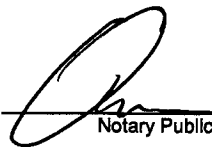
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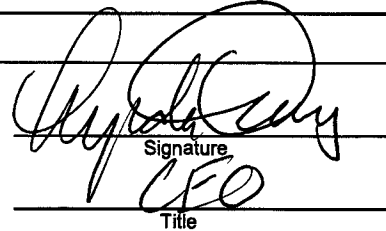
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OATH OR AFFIRMATION

I, Lynda Davey, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Avalon Securities, Ltd., as of December 31, 2016, are true and correct, I further swear (or affirm) that neither company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None


Notary Public


Signature
CEO
Title

AMI SASSON
Notary Public, State of New York
No. 01SA6118400
Qualified in New York County
Commission Expires Nov. 8, 2017

This report ** contains (check applicable boxes):

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | (a) Facing Page |
| <input checked="" type="checkbox"/> | (b) Statement of Financial Condition |
| <input checked="" type="checkbox"/> | (c) Statement of Income (Loss) |
| <input checked="" type="checkbox"/> | (d) Statement of Changes in Financial Condition |
| <input checked="" type="checkbox"/> | (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital |
| <input checked="" type="checkbox"/> | (f) Statement of Changes in Liabilities Subordinated to the Claims of Creditors |
| <input checked="" type="checkbox"/> | (g) Computation of Net Capital |
| <input type="checkbox"/> | (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 |
| <input checked="" type="checkbox"/> | (i) Information relating to the Possession of Control Requirements Under Rule 15c3-3 (Exemption Report) |
| <input type="checkbox"/> | (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for determination of the Reserve Requirements Under Exhibit A of rule 15c3-3. |
| <input type="checkbox"/> | (k) A Reconciliation between the audited and the unaudited Statements of Financial Condition with respect to the methods of consolidation. |
| <input checked="" type="checkbox"/> | (l) An Oath or Affirmation |
| <input checked="" type="checkbox"/> | (m) A copy of the SIPC Supplemental Report. |
| <input type="checkbox"/> | (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. |

**For conditions of confidential treatment of certain portions of this filing, see Section 240.17a-5(e)(3).

**AVALON SECURITIES, LTD.
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AT DECEMBER 31, 2016**

**AVALON SECURITIES, LTD.
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AT DECEMBER 31, 2016**

Table of Contents

Independent Auditor's Report	1-2
Statement of Financial Condition	3
Statement of Operations	4
Statement of Cash Flows	5
Statement of Changes in Shareholder Equity	6
Notes to the Financial Statements	7-8
Schedule I & II Computation of Net Capital Under Rule15c3-1	9
Exemption Report	10
Report of Independent Registered Public Accounting Firm	11
Agreed-upon Procedures (e)(4) Report	12-13

Leigh J. Kremer, CPA
Certified Public Accountant
Member NJCPA, PCAOB

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LKremerCPA.com

95 Locust Avenue
Red Bank, NJ 07701
LeighKremer@verizon.net

Independent Auditor's Report

The Shareholder
Avalon Securities, Ltd.

We have audited the accompanying statement of financial condition of Avalon Securities, Ltd., as of December 31, 2016, and the related statements of operations, changes in shareholder equity, and cash flows for the year then ended. These financial statements are the responsibility of Avalon Securities, Ltd.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements presented are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avalon Securities, Ltd., as of December 31, 2016, and the results of operations, changes in shareholder equity, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying supplemental information including Schedule I – Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission, Schedule II - Reconciliation of Computation of Net Capital Pursuant to Rule 15c3-1, and Schedule III - Exemptive Provision under SEC Rule 15c3-3 have been subjected to audit procedures performed in conjunction with the audits of the Company's financial statements. The supplemental information is the responsibility of Company's management. Our audit procedures included determining whether the supplemental information reconciles to the

financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. section 240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read 'LJ Kremer', with a long horizontal flourish extending to the right.

Leigh J. Kremer, CPA
Red Bank, New Jersey
February 25, 2017

Avalon Securities, Ltd.
Statement of Financial Condition
As of December 31, 2016

ASSETS

Current assets:	
Cash	\$18,288
Prepaid expense	<u>11,523</u>
Total Current Assets	<u>\$29,811</u>
 Total Assets	 <u><u>\$29,811</u></u>

LIABILITIES & SHAREHOLDER EQUITY

Current liabilities:	
Accounts payable & accrued expenses	<u>\$3,612</u>
Total Current Liabilities	<u>\$3,612</u>
Shareholder Equity:	
Common stock: 1,000 shares authorized, stated value \$1	
100 shares issued and outstanding	\$100
Additional paid in capital	9,300
Retained earnings	<u>16,799</u>
Shareholder equity	<u>26,199</u>
 Total Liabilities & Shareholder Equity	 <u><u>\$29,811</u></u>

Please see the notes to the financial statements.

Avalon Securities, Ltd.
Statement of Operations
For the Year Ended December 31, 2016

Advisory fee revenues	\$841,679
Service provider's expenses	<u>(450,355)</u>
Net revenues	\$391,324
General and administrative expenses:	
Salary expenses	\$104,212
Professional fees	11,362
Office rent	39,384
General administration	<u>223,452</u>
Total general and administrative expenses	<u>378,410</u>
Net income before income tax provision	\$12,914
Provision for income taxes	<u>0</u>
Net income	<u><u>\$12,914</u></u>

Please see the notes to the financial statements.

Avalon Securities, Ltd.
Statement of Cash Flows
For the Year Ended December 31, 2016

Operating activities:	
Net income	\$12,914
Changes in other operating assets and liabilities:	
Prepaid expense	(4,874)
Accounts payable & accrued expenses	<u>2,646</u>
Net cash provided by operations	<u>\$10,686</u>
Net increase in cash during the year	\$10,686
Cash at December 31, 2015	<u>7,602</u>
Cash at December 31, 2016	<u><u>\$18,288</u></u>
Supplemental disclosures of cash flow information:	
Interest paid during the fiscal year	\$0
Income taxes paid during the fiscal year	\$0

Please see the notes to the financial statements

Avalon Securities, Ltd.
Statement of Changes in Shareholder Equity
For the Year Ended December 31, 2016

	Common Shares	Common Value	Paid in Capital	Retained Earnings	Total Equity
Balance at December 31, 2015	100	\$100	\$9,300	\$3,885	\$13,285
Net income for the year				12,914	12,914
Balance at December 31, 2016	100	\$100	\$9,300	\$16,799	\$26,199

Please see the notes to the financial statements.

Avalon Securities, Ltd.
Notes to the Financial Statements
For the Year Ended December 31, 2016

1. Organization

Avalon Securities, Ltd. (the Company) is a privately held corporation formed in New York in May 1992 for the purpose of conducting business as a securities broker dealer (BD). As s, a BD, the Company is a member of the Financial Industry Regulatory Authority (FINRA) registered to market investments in debt, equities, and mutual funds.

2. Summary of Significant Accounting Policies

Use of Estimates- The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make reasonable estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses at the date of the financial statements and for the period they include. Actual results may differ from these estimates.

Advisory Revenues- Advisory revenues and related fees are recorded when all contracted services have been provided by the Company and the Company is reasonably assured of their collection.

Cash- For the purpose of calculating changes in cash flows, cash includes all cash balances and highly liquid short-term investments with original maturity date of three months or less.

Income taxes- The Company has elected to be taxed as an S corporation under the Internal Revenue Service Code. Accordingly, under such an election, the Company's taxable income is reported by the individual shareholder and therefore, no provision for income taxes has been included in the financial statements.

3. Fair Value of Financial Instruments

Fair Value Measurements under generally accepted accounting principles clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy as follows.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent

transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

Cash, prepaid expense, and accounts payable and accrued expenses in the balance sheet are estimated to approximate fair market value at December 31, 2016 because of their short-term nature.

4. Commitments & Contingencies

The Company is not aware of any pending litigation, whether actual or contemplated, against it as of the date of these financial statements.

The Company maintains its office in New York City, New York and rents its office on a "month to month" basis.

5. Subsequent Events

The Company has made a review of material subsequent events from December 31, 2016 through the date of this report and found no material subsequent events reportable during this period.

Schedule I & II
Computation of Net Capital Under Rule 15c3-1 of the Securities and
Exchange Commission, and Schedule II - Reconciliation of
Computation of Net Capital Pursuant to Rule 15c3-1

CREDIT:

Shareholder's equity	\$26,199
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DEBITS:

Non-allowable assets:	
Prepaid expense	(11,523)

NET CAPITAL	\$14,676
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Less haircuts	0
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ADJUSTED NET CAPITAL	\$14,676
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Minimum requirements of 6-2/3% of aggregate indebtedness or \$5,000, whichever is greater.	5,000
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EXCESS NET CAPITAL	<u>\$9,676</u>
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AGGREGATE INDEBTEDNESS:	\$3,612
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AGGREGATE INDEBTEDNESS TO NET CAPITAL	24.61%
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Excess net capital previously reported on form X-17A-5	\$10,393
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Adjustment to accounts payable	(717)
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Excess net capital per this report	<u>\$9,676</u>
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Avalon Securities, Ltd.
1001 Sixth Avenue, 10th Floor
New York, NY 10018

Schedule III
December 31, 2016

Rule 15c3-3 Exemption Report

This is to certify that, to the best of my knowledge and belief:

Avalon Securities Ltd. is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R section 240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. section 240.17a-5(d)(1) and (4). To the best of its knowledge and belief Avalon Securities Ltd states the following:

Avalon Securities Ltd. claimed an exemption under provision 17 C.F.R. section 240.15c3-3 (k)(2)(ii) as the company is a non-carrying broker-dealer which promptly transmits all funds and delivers all securities received in connection with its activities as a broker dealer, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

Avalon Securities Ltd. met the identified provision throughout the most recent fiscal year without exceptions.

Thank you.

Lynda Davey
President

Leigh J. Kremer, CPA
Certified Public Accountant
Member NJCPA, AICPA, PCAOB

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Fax (732) 747-1230
LKremerCPA.com

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Report of Independent Registered Public Accounting Firm

We have reviewed management's statements, included in the accompanying Rule 15c3-3 Exemption Report in which (1) Avalon Securities, Ltd., identified the following provisions of 17 C.F.R. section 15c3-3(k) under which Avalon Securities, Ltd., claimed an exemption from 17 C.F.R. section 240.15c3-3: 2(ii) (the "exemption provisions) and (2) Avalon Securities, Ltd., stated that it has met the identified exemption provisions through the most recent fiscal year without exception. Avalon Securities, Ltd.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly included inquiries and other required procedures to obtain evidence about Avalon Securities, Ltd.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph k(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.



Leigh J. Kremer, CPA
Red Bank, N.J.
February 25, 2017

Leigh J. Kremer, CPA
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95 Locust Avenue
Red Bank, NJ 07701
LeighKremer@verizon.net

The Shareholder
Avalon Securities, Ltd.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the Year Ended December 31, 2016, which were agreed to by Avalon Securities, Ltd. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Avalon Securities, Ltd.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Avalon Securities, Ltd.'s management is responsible for the Avalon Securities, Ltd.'s compliance with those requirements.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2016, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences (note: no adjustments were reported in Form SIPC-7);

4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences;

5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



Leigh J Kremer, CPA
Red Bank, NJ 07701
February 25, 2017